

BLUE CROSS BLUE SHIELD OF MICHIGAN TESTIMONY

June 6, 2018

Thank you Chairman Hune and members of the Senate Insurance Committee. I appreciate the opportunity to come before you to testify in support of House Bills 5217 – 5219. I am Gabe Basso, Manager of State Governmental Affairs for Blue Cross Blue Shield of Michigan.

BCBSM appreciates the critical services that air ambulance transports provide to our members, getting patients to a facility that can provide the needed care, at a time when they are most vulnerable. BCBSM covers both emergent and non-emergent medically necessary air ambulance transports.

Today, we are here on behalf of our members, because we are concerned by situations in the past where patients have unknowingly found themselves transported by a non-participating provider and were left with a substantial balance bill. This legislation is intended to prevent this from happening again in the future, so that Michigan consumers are always protected from excessive and unexpected balance bills.

Air ambulance charges by non-participating providers are excessive, unregulated, unpredictable and continue to rise, to the detriment of often unknowing individuals. A 2005 Maryland Health Care Commission air ambulance study found that patients were balanced billed an average of \$2,889 by non-participating air ambulance providers. Today, soaring prices have resulted in balance bills in the tens of thousands and, in some cases, even hundreds of thousands of dollars. As just one example of what is occurring nationally, a \$13,000 transport in 2007 cost in excess of \$50,000 in 2016. While bills may exceed \$50,000 for routine flights, actual costs average less than \$10,000.

We have continued to make significant and sincere attempts to contract with air ambulance providers to protect our members from these huge balance bill charges. To date, most of the air ambulance companies operating in Michigan are now contracted with BCBSM, but a few have only signed a letter of agreement accepting minimal terms and BCBSM payment rates on a per claim basis. In good faith, we have persisted in our effort to negotiate reasonable contract rates, increasing rates and even offering bonuses to participating providers (paying well over Medicare rates for similar services). In fact, air ambulance companies receive an additional \$10,000 payment from BCBSM for every emergent flight.

While we are pleased to have contracts with most air ambulance providers in this state at this time, there are still gaps, and the fact remains that contracts and letters of agreements can change at any time. Without legislation, certain for-profit providers may decide to de-participate, opting for increased revenue through balance billing, and leaving families vulnerable to unexpected and exorbitant costs once again.

It's no secret to any of you that the cost of health care is a major concern to Michigan families and job providers. We are committed to doing our part to reduce costs, but air ambulance providers have considerable leverage and some are willing to walk away from the negotiating table. This exposes all of Michigan's residents to the possibility of being balance billed in an emergent situation.

The biggest problem is a lack of oversight or accountability on air ambulance providers' billing practices, allowing these companies to charge **any amount they desire**. Normally, market forces—where consumers are informed and able to exercise choice—would help to control costs. However, consumers today are neither made aware of the costs or given the right to choose. This legislation will add these much-needed consumer protections to state law.

BCBSM supports this legislation as an effective approach to better protect consumers and help curb air ambulance balance billing practices. This legislation will allow any air ambulance to land at a health facility

for patients that are in-network, require health facilities to prioritize air transport providers that are in-network, and prioritize ground transport over air, if medically appropriate. In non-emergent situations, disclosure notices ensure patients are fully informed of air ambulance costs, and can avoid being transported by an out-of-network provider. In emergent situations, when patients have no choice of air ambulance provider, the patient's insurance payment must be considered payment in full, thereby insulating them from these exorbitant balance bills.

It is essential that we ensure consumers have access to lifesaving care in emergencies, but it is also very important to protect them from financial ruin as a result of that care.

Thank you for your consideration and I welcome any questions.